

SUBJECT: Syria-Iraq: Implications of a Reconciliation

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DIRECTORATE OF INTELLIGENCE

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SYRIA-IRAQ: Implications of a Reconciliation [REDACTED]

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Summary

Jordan's King Hussein has embarked on an intensive effort to bring about a reconciliation between Syria and Iraq. The King's personal diplomacy has sought to end the bitter feud between the two Ba'thist regimes which emerged from the collapse in 1979 of a previous effort at unification. While we remain skeptical that the King can negotiate a rapprochement between Presidents Hafiz al-Assad and Saddam Husayn, who share a deep mutual antipathy, a Syrian-Iraqi rapprochement would have significant implications for both countries and for the region. This memorandum is based on the assumption that a Syrian-Iraqi rapprochement occurs in the near term. It examines in detail the pluses and minuses for them and the possible impact on the region.

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Benefits to Syria

We believe Syria's economic woes provide the immediate context for Assad's flirtation with King Hussein's proposal. Damascus has experienced a foreign payments crunch over the past two years as Arab aid has tapered off and erratic oil shipments from Iran have forced Syria to look to the spot market for oil imports.

--Official transfers under the Baghdad Pact of 1978 have fallen off significantly with the softening of the oil market and general Arab dissatisfaction with Syrian policies. Syria's foreign aid in 1980--virtually all from Arab

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countries--was \$1.95 billion. By 1985, we estimate aid to have fallen to about \$800 million. Only Saudi Arabia has remained current in its Baghdad payments.

--In the past year, Syria's relationship with Tehran has become troubled. We estimate Syria's oil debt to Iran is between \$1.5 and \$2 billion, despite Tehran's write-off of arrearages in 1984 and a high volume of free oil for the Syrian military. Periodic disputes over unpaid bills have reduced oil supplies to well below the contract amount. Iranian shipments since last December are 6.3 million barrels-- less than half of Syria's oil import requirement.

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Syria would derive several economic benefits from a reconciliation with Iraq. Assad could press Saudi Arabia, Kuwait, the other Gulf shaykdoms, and Iraq to reward Syria with aid and a more stable source for oil imports. It received such payoffs for its rapprochement with Jordan last year. At a minimum, Damascus would ask for prompt payment of pledges from the Baghdad Pact signatories. In any event, reopening the idle Iraq-Syrian pipeline would bring the benefits of transit fees charged Iraq and prospects for a more stable oil supply relationship.

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In strategic terms, Syrian cooperation with King Hussein's reconciliation efforts would strengthen ties between Damascus and Amman that Assad hopes to finesse into greater military cooperation. With Egypt neutralized and Iraq bogged down in the Gulf war, Jordan is Syria's only potential credible military partner should war break out with Israel in the next few years. Assad would like to station Syrian early warning radar and even tactical air defense missiles in northern Jordan, and he may believe that such an agreement could emerge as a trade-off for reconciling differences with Iraq.

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At a minimum, Damascus would expect its cooperation with King Hussein to increase Syrian leverage over Jordan's relations with the PLO and to influence the King's position on a negotiated settlement of the Arab-Israeli conflict. Despite the current falling-out between Hussein and PLO leader Arafat, Assad remains wary of a renewed Jordanian-PLO initiative. Assad also is determined to prevent the King from pursuing a West Bank alternative to the PLO that, if successful, would severely reduce Syrian influence over the course of the conflict.

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Assad also may believe he can parlay reconciliation into agreement by Arafat's backers--particularly Saudi Arabia--to withdraw their support for his continued leadership of the PLO. Assad envisions a reunified PLO under a leader who will take direction from Damascus. Syrian domination of the PLO would give Damascus another lever over future peace initiatives.

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Assad's Soviet patrons favor a Syrian-Iraqi reconciliation. The Soviets may have agreed in recent meetings with Syrian

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officials in Moscow to increase economic and military aid to Damascus in exchange for a Syrian-Iraqi dialogue. Soviet commitments, however, still appear to fall short of Syrian expectations. []

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Benefits to Iraq

Reconciliation would bring important military and political benefits to Iraq, although it probably would not significantly enhance Baghdad's ability to wage war with Iran. Baghdad would welcome the halt of Syrian arms sales to Iran--primarily small arms, SA-7s, and possibly FROGS. The cut-off would be more important for its symbolism than for its military value, but would isolate Iran, leaving Libya as Iran's only important Arab backer. Reconciliation would also lend credibility to Iraq's claim to be defending the Arab cause. It also would substantially increase Iraq's chances for obtaining a strong Arab League resolution condemning Iranian occupation of Iraqi territory, calling on Iran to end the war, and threatening economic sanctions. []

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A halt in the flow of Syrian arms to Iraqi Kurdish rebels and an end to Syrian efforts to unite disparate Iraqi dissidents would weaken guerrilla activity in northern Iraq. The Kurds control much of the mountainous territory beyond the major cities and tie up militia in manpower-short Iraq. []

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Iraq, like Syria, stands to gain on several economic counts. Reopening the 450,000 b/d Iraq-Syrian oil pipeline would provide Iraq with \$1.6 billion a year in additional foreign exchange earnings at current prices, easing Baghdad's fragile financial position. When the line reached this capacity, in about two or three months, it would boost Iraqi oil exports to about 1.9 million b/d. The additional revenues might improve Baghdad's ability to meet overdue debt payments this year that have caused lenders to restrict trade financing. Reopening the all-weather land route from the Syrian seaport of Latakia would reduce Iraq's dependence on its current land link to Western Europe, bypassing mountainous terrain both in Turkey and areas of Iraq threatened by Kurdish rebels. []

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These developments would provide a substantial boost to Iraqi civilian and military morale that is suffering from increasing austerity measures and a seemingly endless war. The psychological lift probably would be short-lived, however, because reconciliation with Syria is unlikely to force Iran to the negotiating table or to reduce significantly the level of fighting or Iraqi losses--the main causes of low morale. []

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Risks and Disadvantages for Both Sides

For both Damascus and Baghdad there are significant risks or costs to signing on to King Hussein's mediation effort. []

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[redacted]

Damascus must anticipate that Iran would react sharply to a shift in Syrian policy and would seek to "get even" by promoting anti-Syrian fundamentalist activities within Lebanon and Syria itself.

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[redacted] the relationship established between the Iranian-backed radical Shia Hizballah and pro-Arafat Palestinians in South Lebanon is already threatening to undermine Syria's efforts to manage the confrontation with Israel in the Lebanese security zone--and might get worse after a rapprochement as both try to draw Syria into confrontation with Israel. [redacted]

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From Saddam's perspective, Assad's increased influence with the moderate Arab states would be at Iraqi expense. Baghdad believes it is the rightful leader of the Arabs by virtue of its oil resources, size, geographic position, and rich heritage. The Iraqis regard Syria's present influence as a temporary development stemming from Egypt's isolation, events in Lebanon, and Iraq's preoccupation with the war. Moreover, the Iraqis would believe that Assad would resume efforts to remove Saddam at the first opportunity and would be wary of Syrian promises to the contrary. The Ba'thist regime in Baghdad, particularly Saddam, harbors deep-rooted animosity toward Syrian Ba'thists for ideological reasons, for Assad's efforts to oust Saddam, and for Syrian support for Iran in the war. [redacted]

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Implications

Improved Syrian-Iraqi ties probably would not significantly enhance the near-term prospects for a negotiated settlement of the Iran-Iraq war. The loss of Syrian support, however, might prompt an increasingly isolated Tehran to undertake subversion or terrorism not only against Syria but against the Arab states of the Persian Gulf, particularly Saudi Arabia. Tehran might activate its network of operatives in Gulf Shia communities to increase the cost to Gulf Arabs of continued support to Baghdad. Iranian subversion could aim to threaten the stability of smaller Gulf states like Bahrain and the UAE, temporarily disrupt oil exports from Saudi Arabia and Kuwait, or result in terrorism against US interests in the area. [redacted]

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Israel would view renewed Syrian-Iraqi ties and greater Arab unity with alarm. Israeli officials have long been concerned about the possible emergence of an "eastern front" bringing together Syria, Iraq, and Jordan with strong Arab support. In addition, the Israelis will be concerned that a shift of Syrian support to Iraq in the Gulf war could give Baghdad enough of an edge to bring the war to a conclusion. [redacted]

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Renewed Syrian ties with the Arab moderates would not extend to Egypt--Assad almost certainly will continue to demand that Cairo renounce its treaty with Israel--and is likely to result in more "radicalization" of Arab positions than "moderation" of Syrian positions. With Assad emerging at an Arab summit as a key player, Syrian influence on the Arab consensus almost certainly will grow. Assad probably would seek to extract support for Syrian positions on the PLO, on Lebanon, and on the terms for an Arab-Israeli settlement as the price of going along with the moderates' efforts to reunify Arab ranks.

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